

LEAVITT/KINGSTON (10:50P)

I.M.F. AGREEMENT AT JAMAICA

INTRO: FINANCE MINISTERS GATHERED IN JAMAICA FOR KEY MEETINGS OF THE INTERNATIONAL MONETARY FUND AND WORLD BANK HAVE AGREED ON A PACKAGE OF MONETARY SYSTEM REFORMS AND A SIZEABLE IMMEDIATE INCREASE IN CREDIT FOR HARD-PRESSED COUNTRIES. VOA'S WILLIAM LEAVITT HAS THIS BACKGROUND REPORT:

TEXT: IT WAS HARD BARGAINING ALL THE WAY, BUT AFTER A LONG DAY OF CLOSED SESSIONS, MINISTERS FROM THE INDUSTRIAL COUNTRIES AND DEVELOPING NATIONS AGREED ON WHAT WILL AMOUNT TO ABOUT THREE THOUSAND MILLION DOLLARS WORTH OF ADDITIONAL POTENTIAL CREDIT DURING THE YEAR NINETEEN SEVENTY-SIX FOR HARD-PRESSED MEMBER NATIONS. THE PACKAGE IS TEMPORARY, THAT IS, IT WILL BE IN EFFECT FOR PERHAPS EIGHTEEN MONTHS UNTIL THE OVERALL ASSETS OF THE INTERNATIONAL MONETARY FUND ARE ENLARGED, ACCORDING TO A PREVIOUSLY-AGREED-ON PLAN.

THE NEW AND TEMPORARY INCREASED ACCESS TO MONETARY FUND LOANS IS BASED ON THREE PRINCIPAL CASH POOLS.

ONE IS A FUND ESPECIALLY EARMARKED FOR FINANCING BALANCE OF PAYMENTS SHORTFALLS.

ANOTHER SOURCE OF NEW CREDIT IS AN INCREASE IN BORROWING RIGHTS FROM THE MONETARY FUND'S FOUR REGULAR POOLS.

AND THE THIRD IS THE SO-CALLED TRUST FUND. THE TRUST FUND WILL ABSORB AND DISPERSE A MAJOR PORTION OF THE PROCEEDS FROM SALES OF MONETARY FUND GOLD ON THE OPEN MARKET.

THE GOLD SALE WILL PROCEED OVER A PERIOD OF FOUR YEARS. THE INTERNATIONAL MONETARY FUND'S LEADERSHIP SAYS IT IS CONFIDENT THAT THIS GRADUAL SALE OF I.M.F. GOLD, AMOUNTING TO ONE-SIXTH OF THE ORGANIZATION'S GOLD HOLDINGS, WILL NOT UP-SET THE GOLD MARKET AROUND THE WORLD.

THE SALE OF THE GOLD HAS ANOTHER PURPOSE -- THAT IS, THE LONG-
STATED DESIRE OF THE I.M.F. LEADERSHIP TO DETHRONE GOLD AS A MEDIUM
OF MONETARY EXCHANGE.

THE INCREASED ACCESS TO I.M.F. LOANS AGREED TO AT THE JAMAICA
MEETINGS SIGNED THE RESPONSE TO DEVELOPING COUNTRIES' DEMANDS
THROUGHOUT THE CONFERENCE. BUT THERE WAS COMPROMISE ALL AROUND. THE
FINANCE MINISTERS, REPRESENTING BOTH INDUSTRIAL AND DEVELOPING
COUNTRIES, IN EFFECT, LEGALIZED THE ALREADY OPERATING FLOATING CURRENCY
EXCHANGE SYSTEM, THAT IS, NATIONAL CURRENCIES BEING VALUED ACCORDING
TO MARKET FORCES INSTEAD OF FIXED RATES OF EXCHANGE.

AND THE INDUSTRIAL COUNTRIES PERSUADED THE OIL RICH MEMBERS OF THE
MONETARY FUND TO ACCEPT THE PRINCIPLE OF USABILITY. USABILITY MEANS
PERMITTING YOUR NATIONAL CURRENCY TO BE USED AS TENDER IN I.M.F.
LOANS.

THE UNITED STATES ARGUED HARD FOR THE AGREEMENT. THE SETTLEMENT OF
THAT QUESTION EASED THE WAY FOR FINAL AGREEMENT ON THE OVERALL
PACKAGE OF TEMPORARY INCREASED ACCESS TO LOANS.

THE INCREASED BORROWING PRIVILEGES APPLY TO ALL I.M.F. MEMBERS,
BUT THEY ARE, OF COURSE, CRUCIAL TO COUNTRIES IN SEVERE FINANCIAL
TROUBLE.

WITH THE HARD BARGAINING OUT OF THE WAY, THE FOCUS ON FRIDAY SHIFTS
TO QUIETER ANALYSIS BY THE FUND AND THE WORLD BANK DEVELOPMENT
COMMITTEE. THAT GROUP WILL EXPLORE AND REPORT ON THE OVERALL ECONOMIC
SITUATION IN THE DEVELOPING WORLD.

ITS ONE-DAY AGENDA IS CROWDED. THE AGENDA COVERS THE SUBJECTS OF
GREATER DEVELOPING COUNTRY ACCESS TO PRIVATE MONEY MARKETS AND

OUTSIDE AID EXPECTATIONS AND TARGETS. OF EQUAL IMPORTANCE WILL BE DISCUSSIONS OF THE DEVELOPING WORLD'S WORRIES ABOUT THE PRICE PICTURE FOR RAW MATERIALS AND COMMODITIES--ON WHICH THE DEVELOPING WORLD DEPENDS SO MUCH FOR ITS OVERALL FINANCIAL HELP.

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